

As reprinted from 4/5/2007 8:00:00 PM

Martin revamping state Treasurer's Office



Arizona State Treasurer Dean Martin, left, and Mohave County Treasurer Lee Fabrizio pause for a quick picture at the Arizona Association of County Treasurers' annual spring conference. The conference was held in Kingman this year with Martin as the keynote speaker. SUZANNE ADAMS/Miner

KINGMAN - Arizona State Treasurer Dean Martin was in Kingman Wednesday to address the Arizona Association of County Treasurers during its annual spring conference. The conference was held this year at the Kingman Hampton Inn. Martin

spoke to the Miner shortly before his presentation to the association.

"Our employment numbers are still strong, but the real estate bubble has burst," he said. He was unsure what effect the downturn in the real estate market would have. The real estate market was a big help in keeping the state afloat during the last recession, he said.

"Really, the question is population growth. Can it grow us out of the bubble burst? Will it chew out the excess capacity (in the housing market)?" he said.

His office is recommending that the Legislature be cautious.

In the last seven months, his office has seen a declining bank balance, he said. Last month saw a 20-percent reduction in the amount of operating funds.

"That's a little bit concerning to have such an eight-month slide," he said. "There's one or two things that could be happening. We could just be correcting for an extremely great 2006, and maybe we're just getting back to normal. And we're going to have more normal growth instead of double digit. Or we're sliding toward recession. It's too early to tell. But we're definitely at a turning point."

He said that all of the projections look as if economically things are not going to be as strong as they have been for the past several years. Now is the time to be a little more fiscally conservative, he said. He has advised the Governor's Office to not allow the state to overextend on spending.

"It's kind of a mixed situation. We could be seeing the bottom and be moving back up again, or we could go flat, or we could go down. We know it's not going to be as good as it was in the past. It's time to be a little more cautious," he said.

Martin said the Treasurer's Office is still recovering from problems that occurred under the previous treasurer. The department had a 160-percent employee turnover rate. "That's a very fast moving revolving door," he said. "Moral was just terrible. So it's been a rebuilding process."

Martin said he has spent the first three months of his term re-staffing the office. The office currently has 28 employees, with two positions left to fill. He said he has brought back staff that worked in the office for years but left because of the problems. "We've been basically stealing the best and the brightest from all over," he said.

They had essentially stopped balancing the checkbook for the state accounting system for the last 15 months, he said. The office is starting to reconcile all the books.

"We discovered that the governor's accounting office had improperly been counting \$28 million of federal health care money as general fund, general spending," he said. "We're basically reconciling the books and making sure that all the dollars are where they are and are supposed to be. We're not done yet. We probably have a couple more months worth of work," he said.

The office has a new Web site that will soon feature information on all the revenue sharing the state does with local governments and schools. The program is currently being tested and is expected to be up and running in a couple of weeks, Martin said. Once the program is installed, residents will be able to research how much money the state has collected and distributed to cities, counties and schools. Residents will also be able to search the information by date instead of fiscal year. For example, a Kingman resident could research how much tax the state collected for the city between Jan. 15, 2006, and Feb. 15, 2006. Information on the site will be updated on a daily basis, he said.

"It's the best thing we can do to fix not only public confidence and trust but to prevent something from happening in the future," he said.

Martin said he is also bringing in an outside, independent investment firm to review what was done during the previous administration and to provide investment advice.

He's also requested an internal auditor for the office in this year's budget.

"Amazingly, we're a \$12 billion bank. We had no internal auditor. That's the first thing I asked for," he said.

The State Treasurer's Office also handles all of the state's investments. Once the budget is signed into law and takes effect July 1, the office will be able to hire someone for the position.

Suzanne Adams Miner Staff Writer